

**Economic Impacts on Local Economies  
by Visitors to California State Parks from 1999-2002**

An Update of the 1995 Analysis

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**Abstract**

In July 2000, the California Department of Parks and Recreation began implementing an across the board fee cut. The fee reduction, up to 50% for all parks and campgrounds, was fully implemented by January 2001. Between FY 1999-2000, the last year of full-priced fees, and FY 2001-2002, the first full year of half-priced fees, attendance is expected to increase over 30% or 22 million to 93 million visitors.

The economic impact to local communities following the increase in visitation was calculated from a study of visitor expenditures completed by the Department in 1995. Visitor expenditures reported in the 1995 study were adjusted for inflation and applied to the total park attendance before and after the full implementation of the fee reduction. The projections for FY 2001-2002 are based on year-to-date versus previous three-year-average comparisons.

To estimate the total economic impact generated by the spending and re-spending of visitor dollars in the community, an average economic multiplier, 2.56, was applied to the per-person, per-day expenditure estimates. Similarly, an employment multiplier was applied to total visitor expenditures to determine the total employment that could be supported through visitor expenditures in the local community.

Total visitor spending is estimated to increase by \$803,182,934 from FY 1999-2000 levels to a total of \$2,838,093,897 by June 2002. Total new sales in local communities resulting from visitor expenditures are expected to reach \$7,275,610,804 by the end of FY 2001-2002. The total employment that can be supported by visitor expenditures is estimated to be 109,944, an increase of 31,113 jobs.

	<b>FY 1999-2000</b> Pre-Fee Reduction	<b>FY 2001-2002</b> Post Fee-Reduction	<b>Difference:</b> Pre- and Post- Fee Reduction
<b>Total Attendance</b>	71,034,309	93,000,000	21,965,691
<b>Total Visitor Spending</b>	\$2,034,910,963	\$2,838,093,897	\$803,182,934
<b>Total Output/ New Sales</b>	\$5,216,539,620	\$7,275,610,804	\$2,059,071,183
<b>Total Employment Support</b>	78,831	109,944	31,113

## INTRODUCTION

In 1995, the Planning, Acquisition, and Local Services Division of the California Department of Parks and Recreation conducted a study of the impact on local economies of spending by visitors to California State Parks. This study found that the 66 million visitors to California State Parks in FY 1991-1992 spent more than \$1.6 billion generating \$4 billion in new sales, or \$2 billion in total income, or fiscal support for 62,000 full-time-equivalent jobs.

In July 2000, the Department began implementing an across the board fee cut. The fee reduction, up to 50% for all parks and campgrounds, was fully implemented by January 2001. Between FY 1999-2000, the last year of full-priced fees, and FY 2001-2002, the first full year of half-priced fees, attendance is expected to increase over 30% or 22 million to 93 million visitors.

Tourism is one of the driving forces behind California's economy and a major employer of Californians (California Division of Tourism). The terrorist attacks of September 2001 have had a devastating impact on the industry as a whole as well as in California. However, initial reports are that visitation to many of California's State Parks remains high and is expected to continue to grow as Californians seek family vacations that are close to home.

The decrease in tourism to tradition tourist destinations, such as theme parks, and the increase in visitation to State Parks highlight the role of State Parks as a tourist destination and contributor to the economic and employment benefits tourism brings to local communities. In an effort to quantify the economic impact on local communities of visitation to California State Parks, the 1995 study was updated.

## METHODS

A brief summary of the methodology used in this study is included here. For a complete discussion of the methodology employed in this study, please refer to:

- The Impact on Local Economies of Spending by Visitors to California State Parks, 1995, Planning, Acquisition, and Local Services Division; and
- Applying Economic Multipliers in the Recreation Setting, 1994, Planning and Local Services Division

To determine visitor expenditures, an on-site, self-administered questionnaire was developed and administered in eight parks. Each park was surveyed for one year between 1990-1993. The park units were selected to best represent the diversity of the whole park system. The parks included:

- Anza-Borrego Desert State Park
- Brannan Island State Recreation Area
- Calaveras Big Trees State Park

- Carpinteria State Beach
- Empire Mine State Historic Park
- Lake Perris State Recreation Area
- Millerton Lake State Recreation Area
- South Carlsbad State Beach.

The information collected by the visitor surveys included:

- the number of people per party (group size);
- length of stay;
- origin of park visitors; and
- money spent in the local community (as defined by a map included in the survey).

To determine the per-person per-day expenditures, visitors were asked to provide information on total expenditures made within the local area in four categories:

- lodging;
- prepared food;
- supplies and gas; and
- recreation activities and services.

### **Statewide Analysis**

For the statewide analysis, the average daily expenditure for each attendance type between the eight parks was calculated. Dollar amounts were adjusted for inflation according to the year being estimated. Adjusted average expenditures then were applied to the annual visitation totals to derive total visitor expenditures for each attendance type. Averaged economic multipliers were applied to total visitor expenditures for each attendance type to determine output or new sales and employment estimates.

### **Economic Multipliers**

Economic multipliers are used to account for the interdependence of various sectors within an economy including the total amount of new sales, the total amount of personal income generated, and the potential jobs supported by the economic input of visitor spending. Thus, multipliers allow assessment of a variety of economic impacts that can be created by visitor spending.

The multipliers used in the 1995 study were developed by George Goldman of the Agricultural Economics Department at the University of Berkeley. While the multipliers were based on analysis done in the early 1990's, they were believed to be sufficient for the purposes of this study (G. Goldman, pers. comm.).

### **Inflation**

In updating the 1995 study, adjustments were made to the visitor expenditure estimates to account for inflation based on the United State Department of Labor, Consumer Price Index. Because the surveys were completed in 1993, expenditures were adjusted from the 1993 dollar value to reflect the value of the dollar for the year being estimated. Using the Consumer Pricing Index, expenditures by visitors in FY 1999-2000, 2000-2001, and 2001-2002, were adjusted 1.15%, 1.19%, and 1.23%, respectively.

### **Visitor Attendance**

The attendance reported in this study is that which is recorded in the field daily and compiled by fiscal year, July 1 - June 30. The projections for FY 2001-2002 are based on year-to-date versus previous three-year-average comparisons. Three-year averages are used to account for changes in weather and other variables that affect weekly and monthly visitation between years.

The 93 million projected attendance for FY 2001-2001 was broken down into paid day use, overnight, and free day use attendance at the ratio of 26:8:66, the average distribution of visitation to State Parks in recent years.

<b>Attendance</b>	<b>FY 1999-2000 Pre-Fee Reduction</b>	<b>FY 2000-2001 During Fee-Reduction</b>	<b>FY 2001-2002 Post Fee-Reduction</b>	<b>Difference: Pre- and Post- Fee Reduction</b>
<b>Paid Day Use</b>	19,896,945	20,575,191.00	24,180,000	4,283,055
<b>Overnight</b>	5,164,280	6,563,129	7,440,000	2,275,720
<b>Free Day Use</b>	45,973,083	53,167,305	61,380,000	15,406,917
<b>Total</b>	<b>71,034,309</b>	<b>80,305,625</b>	<b>93,000,000</b>	<b>21,965,691</b>

## RESULTS

As noted in the 1995 study:

*In a system comprising [266] units, each considered somewhat unique, certain cautions must be exercised in coming to broad conclusions based on sample populations from only eight park units. Nevertheless, it is only natural to look at the information collected from any survey of State Park System units in terms of conclusions [that] may be made for the system in a whole.*

Furthermore, as California struggles to deal with significant declines to the tourism-based economy and possible state budget cuts, it is important to understand the contribution that visitation to State Parks makes to the economy. Although there are inherent limitations to this study, it does provide useful figures from which general conclusions can be drawn about the overall economic importance of visitors to State Parks and it highlights areas that are worthy of further study.

### Visitor Expenditures

Visitor Type	1993 Estimate	1999 Adjusted Value	2000 Adjusted Value	2001 Adjusted Value
Paid Day Use	\$26.52	\$30.50	\$31.56	\$32.62
Overnight	\$14.95	\$17.19	\$17.79	\$18.38
Free Day Use	\$25.33	\$29.13	\$30.15	\$31.16

**Visitor Expenditures in Local Communities**

<b>Visitor Type</b>	<b>FY 1999-2000 Pre-Fee Reduction</b>	<b>FY 2000-2001 During Fee-Reduction</b>	<b>FY 2001-2002 Post Fee-Reduction</b>	<b>Difference: Pre- and Post- Fee Reduction</b>
<b>Paid Day Use</b>	\$606,790,897	\$649,300,371	\$788,707,957	\$181,917,061
<b>Overnight</b>	\$88,764,959	\$116,732,512	\$136,776,647	\$48,011,688
<b>Free Day Use</b>	\$1,339,355,108	\$1,602,824,136	\$1,912,609,292	\$573,254,185
<b>Total</b>	<b>\$2,034,910,963</b>	<b>\$2,368,857,020</b>	<b>\$2,838,093,897</b>	<b>\$803,182,934</b>

Visitor expenditures are calculated from data regarding the number of visitors for each attendance type and the average daily expenditure of those visitors.

**Output/New Sales**

<b>Visitor Type</b>	<b>FY 1999-2000 Pre-Fee Reduction</b>	<b>FY 2000-2001 During Fee-Reduction</b>	<b>FY 2001-2002 Post Fee-Reduction</b>	<b>Difference: Pre- and Post- Fee Reduction</b>
<b>Paid Day Use</b>	\$1,554,876,350	\$1,663,805,105	\$2,021,031,226	\$466,154,876
<b>Overnight</b>	\$227,648,855	\$299,375,148	\$350,780,842	\$123,131,988
<b>Free Day Use</b>	\$3,434,014,416	\$4,109,530,892	\$4,903,798,736	\$1,469,784,320
<b>Total</b>	<b>\$5,216,539,620</b>	<b>\$6,072,711,145</b>	<b>\$7,275,610,804</b>	<b>\$2,059,071,183</b>

Output or new sales is one economic measure of the contribution of visitor spending in the local community. It is determined using the estimated total expenditures of each attendance type and an average economic multiplier. For each dollar that is spent by a visitor in the local community, a portion of that dollar is respent and recirculated on other goods and services within the community. The average economic multiplier 2.56 was applied to account for this reverberating effect that each visitor expenditure has in the community. The output/new sales estimates are a more accurate estimate of the true economic impact or benefit to the community than simply the initial spending by the visitor.



**Personal Income**

<b>Visitor Type</b>	<b>FY 1999-2000 Pre-Fee Reduction</b>	<b>FY 2000-2001 During Fee-Reduction</b>	<b>FY 2001-2002 Post Fee-Reduction</b>	<b>Difference: Pre- and Post- Fee Reduction</b>
<b>Paid Day Use</b>	\$849,507,255	\$909,020,520	\$1,104,191,140	\$254,683,885
<b>Overnight</b>	\$123,834,010	\$162,850,918	\$190,814,043	\$66,980,033
<b>Free Day Use</b>	\$1,873,419,649	\$2,241,946,301	\$2,675,257,524	\$801,837,875
<b>Total</b>	<b>\$2,846,760,914</b>	<b>\$3,313,817,740</b>	<b>\$3,970,262,707</b>	<b>\$1,123,501,793</b>

Personal income is determined using the estimated total expenditures of each attendance type and an average economic multiplier. This number represents the total income that will be created by visitor spending in local communities.

**Employment**

<b>Visitor Type</b>	<b>FY 1999-2000 Pre-Fee Reduction</b>	<b>FY 2000-2001 During Fee-Reduction</b>	<b>FY 2001-2002 Post Fee-Reduction</b>	<b>Difference: Pre- and Post- Fee Reduction</b>
<b>Paid Day Use</b>	23,514	25,161	30,564	7,050
<b>Overnight</b>	3,434	4,515	5,291	1,857
<b>Free Day Use</b>	51,883	62,090	74,090	22,206
<b>Total</b>	<b>78,831</b>	<b>91,766</b>	<b>109,944</b>	<b>31,113</b>

Employment figures were determined using the number of visitors from each attendance type, the average daily expenditures, and an average economic multiplier. Employment figures are an estimate of the number of full-time equivalent jobs supported by visitor expenditures within the local community.